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EXHIBIT

150

21-cv-00260-PB

1   UNITED STATES DISTRICT COURT

2   DISTRICT OF NEW HAMPSHIRE

3

4   SECURITIES AND EXCHANGE   ) Civil Action No.
    COMMISSION,   ) 1:21-cv-00260-PB
5   )
                 Plaintiff,   )
6   ) VOLUME 1
       vs.   ) (Pages 1 to 339)
7   )
    LBRY, INC.,   )
8   )
                 Defendant.   )
9   _____)

10

11

12   CONFIDENTIAL DEPOSITION OF

13   DR. BORIS RICHARD

14   VIA WEBEX VIDEOCONFERENCE

15   Wednesday, March 30, 2022

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23   REPORTED BY:

24   ELBIA BAIRES

25   JOB NO. 220330LHR

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GRADILLAS COURT REPORTERS
(424) 239-2800

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1   addresses, right?

2   MS. MECHANIC: Objection.

3   A.   I did adjust on-chain transaction

4   volume by remove the LBRY, Inc. related

5   transactions on-chain, yes.

6   Q.   Did you remove any transactions

7   from -- from the data in column B?

8   A.   No. No, I did not.

9   Q.   Okay. You didn't back out any

10 trading that LBRY may have done itself?

11   MS. MECHANIC: Objection.

12   A.   No.

13   Q.   Okay. What type of activity is

14 considered on-chain network activity?

15   A.   Generally speaking, any transfers of

16 cryptocurrency between addresses is recorded on

17 a blockchain, appended to a block and validated

18 by the validator. That's what -- so any

19 transfer of token is considered -- is

20 considered an on-chain activity.

21   Q.   Okay. Some of those transfers of

22 tokens are not the economic uses for LBC that

23 you detail in your report, correct?

24   MS. MECHANIC: Objection.

25   A.   Can you -- can you clarify your --

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1 your question, please.

2   Q.   Sure. Let me give you a for

3 example.

4   Let's say there's a wallet address

5 and the person who controls that wallet address

6 wants to split it into two wallets.

7   Is that the economic uses of LBC

8 that you are talking about in your report?

9   A.   Generally, no.

10   Q.   Okay. What if there is a wallet

11 address and the person who controls that wallet

12 address just wants to transfer it to a

13 different wallet address.

14   Is that part of the economic uses

15 that you are detailing in your report?

16   MS. MECHANIC: Objection.

17   A.   It -- it might be. But it might be

18 not. So depends on the purpose of that split.

19   Q.   Okay. So, for instance, if -- if

20 someone had a wallet address and they said oh,

21 I'm a little worried about the security of this

22 address. I'm going to transfer it to another

23 address.

24   Would that be an economic use of

25 LBC?

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1   MS. MECHANIC: Objection.

2   Objection.

3   A.   Can you repeat the question?   I'm

4   sorry.   I missed it.

5   Q.   I can try.

6   If someone had a wallet address and

7   became concerned about the security of that

8   wallet address and transferred those LBCs to a

9   different wallet address, would you consider

10   that as one of the economic uses of LBC?

11   MS. MECHANIC: Objection.

12   A.   General speaking, if it's a

13   security-related concern and it's not related

14   to the consumption of or sharing of the

15   information, I would probably call it non --

16   non-consumptive use of that.

17   Q.   Okay.

18   A.   Albeit, again, who knows.   That

19   person might be planning to create a new

20   channel into what he wants to associate that

21   particular channel, you know, with a particular

22   address.

23   So who knows.   It depends on the

24   ultimate goal of that user.   If he wants to

25   receive tips for that particular channel,

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1 contributions to a particular address that's

2 different from the original, could he do that,

3 possibly.

4   Q.   If that person that wanted to create

5 a channel, that would be a separate blockchain

6 activity, right? That would be a separate

7 transaction on the blockchain?

8   A.   That would be -- yes, that would be

9 like creating a new claim on the LBRY

10 blockchain.

11   Q.   So you'd be capturing that whether

12 or not you included the transfer from one

13 wallet to another?

14   MS. MECHANIC: Objection.

15   A.   It would be -- it would be included

16 on-chain, yes.

17   Q.   Did you do anything, Doctor, to --

18 to deduct from the on-chain transaction volume,

19 transactions that were unrelated to the

20 economic uses of LBC?

21   A.   Put it this way, we -- I removed

22 obviously on-chain transfers that were related

23 to LBRY. Right. And we talked about it

24 before. They may be some transactions that are

25 not related to using or exchanging information.

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1   So yeah, there may be some that --

2   that are sitting in the on-chain transaction

3   volume.

4   Q.   And those transactions would not

5   reflect the sort of end-user use of LBC as, you

6   know, for a video sharing platform, correct?

7   MS. MECHANIC: Objection.

8   A.   I mean, hypothetically, yes.   But --

9   hypothetically speaking, yes.   But many of the

10   non-consumptive uses of LBC token are enabled

11   within -- you know, they are enabled within the

12   wallet.   So that may not -- that would be

13   cheating the cryptocurrency exchanges.

14   Q.   Okay.   Well, let's actually talk

15   about exchanges.

16   If a person who had a wallet address

17   transferred their tokens from the wallet

18   address to a digital trading platform, would

19   that cause an on-chain transaction to be

20   recorded?

21   A.   If you transfer a token from one of

22   your addresses to an address at an exchange,

23   that would be recorded on-chain, correct.

24   Q.   Okay.   And I take it -- would you

25   agree that that is not one of the economic uses

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 1              MS. MECHANIC:  Objection.

 2        A.    If -- can you repeat the question

 3   again?  I'm sorry.

 4        Q.    Sure.

 5              If Exhibit 147, the on-chain

 6   transaction data, does not deduct all of the

 7   LBRY wallet activity, would that introduce

 8   error into the results of your reporting in

 9   Exhibits 5A, 5B, 6, 7A and 7B?

10              MS. MECHANIC:  Objection.

11        A.    If -- if we missed some of the LBRY

12   related activity, that's correct.

13        Q.    Okay.

14        A.    It could -- it could introduce some

15   error.

16        Q.    And does the -- the concept that the

17   whole wallet amount is transacted on-chain,

18   does that throw off your on-chain transaction

19   volume estimations for 5A, 5B, 6, 7A and 7B?

20              MS. MECHANIC:  Objection.

21        A.    In principle, it might.  But I don't

22   know the quantification of that particular

23   impact.

24        Q.    Well, you -- you want your on-chain

25   transaction volume to be measuring user
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1 activity, right?

2   A.   I'm doing the best effort to do

3 that, yes.

4   Q.   Right.

5   If a user tips one LBC to a content

6 creator, you want that to register as one LBC

7 of volume, correct?

8   MS. MECHANIC: Objection.

9   A.   That's -- that's correct. Yes.

10   Q.   So if -- if the transaction volume

11 that the block is recording is actually a

12 thousand LBC for that transaction because

13 there's a thousand LBC in that user's wallet,

14 your on-chain transaction volume for that

15 transaction is off, correct?

16   MS. MECHANIC: Objection.

17   A.   Well, it depends if it goes back to

18 the change address or not. If it's a full

19 amount, then there is no error. If there is a

20 change address related, then one LBC recorded,

21 that would be fair representation of the -- of

22 the actual activity that happened.

23   Q.   Right.

24   For that transaction, at least as

25 you are saying, if it goes to a different

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1 address, that's a thousand times off what you

2 would want it to be?

3   MS. MECHANIC: Objection.

4   A.   I'm not sure. I have to look at

5 some specific examples of -- of the

6 transactional activity related to particular

7 users.

8   Q.   But you would want it to be one? A

9 tip of one should be one on-chain transaction.

10   A.   Ideally, yes.

11   Q.   Okay. Well, ideally, and in order

12 to make the assumption that on-chain

13 transaction volume is representative of user

14 activity, correct?

15   A.   I want to represent the user

16 activity, yeah, to the best possible way.

17 Correct.

18   Q.   Right.

19   And to do that, you need your

20 on-chain transaction volume to record the

21 amount of transaction not the total amount of

22 the wallet, correct?

23   MS. MECHANIC: Objection.

24   A.   I definitely -- not the amount --

25 not -- not the balance of the wallet.

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1   measure of a -- of the statistical fit.

2   Q.   Okay.

3   A.   Over particular -- over particular

4   regression model. So the -- it's the fraction

5   of the total variation and the variable that's

6   explained -- that's explained by the -- that's

7   explained by the explanatory variable.

8   Q.   Okay. So let's look about midway

9   through your report, can you go out to column

10 GW.

11   A.   GW?

12   Q.   G as in George, W as in water.

13   MS. MECHANIC: Not Washington?

14   MR. JONES: That would have been

15 better, Rachel. Thank you. I'm in trouble

16 because my sister went to GW.

17   MS. MECHANIC: As did I.

18   A.   Okay.

19   Q.   Okay. What's the R squared in

20 column GW?

21   A.   .01.

22   Q.   So one percent?

23   A.   That's correct.

24   Q.   And does that mean for this

25 estimation period, which goes between 11/7/2019

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1   and 2/5/20, that the change in Bitcoin price

2   explains 1.3 percent of the change in LBC

3   price?

4   A.   Generally speaking, yes.

5   Q.   All right. And then going over to

6   column GZ, there's two percent, correct?

7   A.   GZ -- yes.

8   Q.   Then going back to column GT, it's

9   1.5 percent, correct?

10   A.   Yes.

11   Q.   So for these time periods at least,

12   the change in Bitcoin price is explaining very

13   little of the variation in LBC price, correct?

14   MS. MECHANIC: Objection.

15   A.   The Bitcoin -- the Bitcoin did --

16   did explain very little of the LBC price token

17   performances.

18   Q.   All right. So if the Bitcoin

19   change -- price change is explaining

20   two percent of the variation in LBC price, then

21   presumably, something else or a set of

22   somethings else is explaining the other

23   98 percent, correct?

24   A.   For that particular day, yes.

25   Q.   All right. You see there's also

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1              MS. MECHANIC:  Just for the record,
2    again, this is the SEC's document, not --
3              MR. JONES:  Yes, Rachel, it's a
4    summary of the spreadsheet, as I've described.
5              MS. MECHANIC:  As you've represented
6    it.  So I just want to remind the witness the
7    take his time to look at it.
8              MR. JONES:  Okay.  Well, reminding
9    the witness is not appropriate.
10             MS. MECHANIC:  Okay.  Let's just
11   continue.
12        A.    So I see the LBC return on the Y
13   axis, the Bitcoin return on the X axis.  So the
14   positive -- the positive slope implies that
15   there's a positive relationship between the
16   two --
17        Q.    Based on your regression output
18   spreadsheet, Dr. Richard, you have some periods
19   where when BTC goes up, LBC goes down and some
20   period when BTC goes up, LBC goes up, correct?
21             MS. MECHANIC:  Objection.
22        A.    Well, these are two periods.  I have
23   not looked at specifically how the coefficient
24   changes, you know, on -- on a daily or a
25   monthly basis.
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